

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES

Before the Commissioner of Financial and Insurance Services

In the matter of:

Golden Dental Plans, Inc.

Enforcement Case No. 04-2877

Respondent

Issued and entered
on February 22, 2005
by Linda A. Watters
Commissioner

CONSENT ORDER AND STIPULATION

A. Findings of fact and conclusions of law

1. Golden Dental Plans, Inc. (Respondent) is licensed to transact insurance business in the State of Michigan.
2. OFIS conducted an on-site examination of Respondent ending on December 31, 2002. The examination revealed the following violations of the Code:

COUNT I

3. Section 1341(3) of the Code states, "A domestic insurer and any person in its holding company system shall not enter into the following transactions with each other unless the insurer has notified the commissioner in writing of its intention to enter into the transaction at least 30 days, or a shorter period as the commissioner allows, prior to entering into the transaction and the commissioner has not disapproved it within that period."
4. Respondent entered into the following transactions with affiliates without first notifying the commissioner.
5. Respondent leased office space under the terms of an expired lease agreement with "The Stephanie Lentine Living Trust," an affiliate.
6. Respondent also rented its computer hardware and software from Lentine Mortgage Investment Company, and affiliate of its CEO on a month-to-month basis.

7. Respondent also reimbursed its stockholders for the interest incurred on a loan used as a capital infusion to Respondent.
8. By entering into these transactions without first notifying the commissioner in writing Respondent has violated section 1341(3) of the Code.

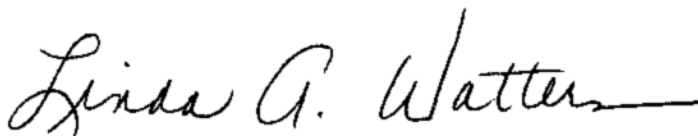
COUNT II

9. Section 438(5) of the Code states each insurer shall fails to make a satisfactory reply to an inquiry of the commissioner, concerning the insurer's affairs shall be subject to proceedings under section 436.
10. At the time of the above referenced examination, Respondent did not have a formal contingency plan, including a written agreement for use of an alternative site including hardware, where processing can be done after a disaster.
11. Respondent's plan of compliance to the 1998 examination findings stated that it had taken appropriate actions to resume business activities at an off-site location.
12. These findings are deviations from the minimum suggested controls according to the NAIC. Further, failing to comply with the response to our previous report of examination is a violation of Section 438(5) of the Code.

B. ORDER

Based on the findings of fact and conclusions of law above and Respondent's stipulation, it is ORDERED that:

1. Respondent shall immediately cease and desist from operating in such a manner as to violate Sections 438(5) and 1341(3) of the Code.
2. Respondent shall pay to the State of Michigan, through the Office of Financial and Insurance Services, a civil fine in the amount of one thousand dollars (\$1,000.00). The fee shall be paid within thirty (30) days of the date of entry of this order.



Linda A. Watters
Commissioner